

FISCAL NOTE

Bill #: HB0605

Title: Reallocate vehicle fees for state park maintenance

Primary Sponsor: Gutsche, G

Status: As Introduced

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
State Special Revenue	\$15,000	\$0
Revenue:		
General Fund	(\$4,968)	(\$9,936)
State Special Revenue	(\$160,628)	(\$321,256)
Federal Special Revenue	(\$200,000)	(\$400,000)
Other	\$353,780	\$735,318
Net Impact on General Fund Balance:	(\$4,968)	(\$9,936)

- | | |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Fish Wildlife and Parks (FWP)

1. The effective date of the proposal is December 31, 2006. FY 2006 revenues are projected at half of FY 2007 revenues.

Camping Fee Reductions

2. All campsites managed by FWP meet the basic camping definition as defined in the bill, and therefore all camping fees will be reduced to \$5.00 per night. Resident camp fees were \$15 at state parks and \$7 per night at fishing access sights (FAS). This will be a 67 percent reduction in state park camping fees and a 29 percent reduction in FAS camping fees.
3. FY 2004 camping revenues were \$642,484. It is estimated that 85 percent, or \$546,111 of the revenue came from Montana residents. Of the \$546,111 of resident camping revenue, \$454,788 came from state parks and \$91,323 from FAS. This proposal reduces total camping revenue by \$331,192.

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4. FWP retains 93 percent of camping revenue and this bill decreases FWP camping revenue by \$308,008; state parks revenue will be reduced by \$283,378 ($\$454,788 \times 67\% \times 93\%$) and FAS by \$24,630 ($\$91,323 \times 33\% \times 93\%$).
5. Section 2 of the bill states that \$0.50 is to be deposited in the state park miscellaneous fund and used to reduce resident camping fees. This amount is already being deposited in this fund.
6. Camping fee signs, brochures, and other communications will need to be updated to reflect the fee reduction. The costs are estimated at \$15,000 in FY 2006.
7. Camping revenues are currently used as matching funds with federal funds at a 1:3 ratio. The Parks Division used \$1,058,314 in federal funds requiring match in FY 2004, to maintain and improve campgrounds. The loss of \$308,008 of camping revenues will reduce available matching funds. The loss of federal revenue could be as high as \$924,024, but for purposes of this fiscal note are estimate at \$400,000 per year.
8. Camping revenue includes a 3 percent general fund sales tax, and a 4 percent accommodation tax. The effect of the revenue loss identified in assumption #3 will be \$9,936 general fund ($\$331,192 \times 3\%$) and \$13,248 accommodation tax ($\$331,192 \times 4\%$). The reduction in accommodations tax revenue would be allocated as follows: \$132 less to the Historical Society roadside sites and signs program, \$331 less to the university system for travel research, \$861 less to FWP for parks maintenance, \$8,942 less to the Department of Commerce for travel promotion, and \$2,981 less to regional tourism promotion organizations.

Vehicle Registration Fees

9. Currently \$3.50 of the light vehicle registration fee is deposited in the parks miscellaneous fund. The FAS program receives \$0.25, and Virginia City/Nevada City receives the remaining \$0.25.
10. FY 2005 revenue projections for light vehicle registration are \$2,806,021.
11. This bill will redirect \$1.00 of each vehicle registration fee from the parks miscellaneous fund to a new Parks Maintenance trust fund. This will be \$701,505 annually ($\$2,806,021 \times 25\%$).
12. Interest earned on the trust will be retained in the trust until the balance reaches \$10 million. Revenue of \$58,459 ($\$701,505 / 12$) received each month will be deposited in the trust at the end of the month. In FY 2006, the average annual balance will be the sum of the monthly deposits, each multiplied by the fraction of the year remaining when the deposit is made. This is \$73,073 ($\$58,459 \times (5/12 + 4/12 + 3/12 + 2/12 + 1/12 + 0/12)$). The entire balance will be invested in STIP, earning 4.32%. Interest earnings in FY 2006 will be \$3,027 ($4.32\% \times \$70,073$). In FY 2007, the average balance will be the total amount deposited in FY 2006 plus half of deposits in FY 2007 or \$701,505. The STIP rate in FY 2007 is projected to be 4.82%, and interest earnings will be \$33,813 ($4.82\% \times \$701,505$).
13. Total revenue to the trust fund will be \$353,780 ($\$350,753 + \$3,027$) in FY 2006 and \$735,318 ($\$701,505 + \$33,813$) in FY 2007.

FISCAL IMPACT:

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
Department of Fish, Wildlife and Parks (FWP)		
<u>Expenditures:</u>		
Operating Expenses	\$15,000	\$0
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	\$15,000	\$0

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Revenues:

General Fund (01)	(\$4,968)	(\$9,936)
State Special Revenue (02)	(\$160,628)	(\$321,256)
Federal Special Revenue (03)	(\$200,000)	(\$400,000)
Trust Funds (09)	\$353,780	\$735,318

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$4,968)	(\$9,936)
State Special Revenue (02)	(\$175,628)	(\$321,256)
Federal Special Revenue (03)	(\$200,000)	(\$400,000)
Trust Funds (09)	\$353,780	\$735,318

LONG-RANGE IMPACTS:

This bill redirects funds from the state park system and postpone planned maintenance expenditures. When the principal reaches \$10 million, interest can be allowed to be spent on maintenance of state parks and fishing access sites. It will take approximately eleven years to build the trust fund to \$10 million.